

This part of the CAPER discusses DHCD's use of Community Development Block Grant (CDBG) funds, as required by 24 CFR² 91.520©, and use of HOME and ESG funds in FY 2004.

CDBG PROGRAM PERFORMANCE

Use of CDBG to meet the District's priority needs: The long-term priority areas for community planning and development initiatives in the Five-Year Consolidated Plan are:

- Homebuyer Assistance and Housing Recycling and Preservation
- Affordable Housing Production
- Community Organization Support, and
- Economic and Commercial Development

DHCD spent \$20.7 million of CDBG funds in FY 2004 that, along with other federal and local funding sources, assisted in the acquisition, disposition, rehabilitation, conversion and production of 1,630 affordable housing units. (1,521 + 109) The increase in supply is a key step in reducing the barriers to affordable housing, along with efforts described above to promote fair housing. Details on the CDBG-funded rehabilitation portion of this investment are shown in the sidebar to the right. Moreover, this assistance helped create 2,331 temporary jobs, thereby increasing individual incomes.

**Summary: CDBG (and Other)-
Funding for Rehabilitation**

29 single family units:	
CDBG funds:	\$ 703,713
Other funds:	385,096
381 multi-family units:	
CDBG funds:	\$20,786,769
Other funds:	9,702,010

DHCD's provision of \$5.6 million to neighborhood community development organizations has enabled them to provide technical assistance to 1,581 small businesses and housing counseling to 9,331 households. All of these accomplishments promote the District's *anti-poverty strategy* by increasing economic opportunities in underserved neighborhoods. The Department also provided 29 loans and/or grants for single family residential rehabilitation in FY 2004.

Completion of planned actions: DHCD has pursued all of the resources in its Consolidated Plan, which primarily are leveraged dollars for the CDBG and HOME programs. DHCD also has provided local funds to augment its budget in pursuit of housing and community development goals. Its local and other (including loan repayments) public funds budget was \$51,832,409 including \$40,124,693 in local Housing Production Trust Fund dollars.

² Code of Federal Regulations.

DHCD uses its compliance checklist, which is jointly completed by the project manager and the Office of Program Monitoring, to ensure that proposals address national CDBG objectives and local Consolidated Plan goals, and that applicants meet CDBG eligibility requirements.

Income beneficiaries: 89.63% of the District's CDBG funds have been used to provide benefits directly to low- and moderate-income persons.(PR26, line 22) Funded projects include either housing for income-eligible households or commercial and community facilities and infrastructure projects in census tracts that are CDBG-eligible.

DHCD's proposed and actual awards for CDBG-funded projects are shown in Table 21: The full list of CDBG-funded development projects is also shown in the list of *all* Development Finance projects funded in FY 2003 from *all sources* in Appendix A.

Table 21: CDBG Proposed and Actual Project Awards, FY 2004

Proposed Project	Proposed Amount	Actual '04 Amt.
4920 a Street SE	\$ 367,000	\$ 367,000
1428 Euclid Street, NW Tenants Assn.	800,000	800,000
Apartment Improvement Program	170,000	170,000
16 & Monroe Street, NW	765,700	765,700
Covington Family Association Cooperative	950,000	950,000
DC Housing Authority – Eastgate HOPE VI Pre-development	368,504	368,504
Savannah Heights	1,000,000	984,853
Dunlop Building Demolition	847,000	847,000
Anacostia Gateway Government Center	400,000	400,000
Oxford Manor Apartments	4,000,000	4,000,000
The ARC – Additional Funding	250,000	3,000,000*
DC Housing Authority – ADA Compliance Improvements	1,400,000	1,400,000
Carver Terrace Community Center	350,000	350,000

*Large additional construction costs were quantified between time of the application and the completion of underwriting.

FY 2004 Development Projects Funded--- CDBG, and HPTF :

(See page 51 for HOME- funded projects.)

DHCD provided funding for the following housing and community development projects, which were selected through its competitive funding process:

CDBG Projects	\$ Amount
Savannah Heights.....	984,853
Oxford Manor Apartments.....	4,000,000
The ARC, Additional Funding.....	3,000,000
Carver Terrace Community Center.....	350,000
TOTAL	\$8,334,853
 HPTF Projects (Housing Production Trust Fund)	
Carver Terrace Apartments.....	985,000
Immaculate Conception Apartments	2,187,577
2721 Pennsylvania Avenue SE	174,548
3471 14TH Street, NW	368,504
Independence Place	1,300,000
Howard Hills Apartments.....	2,062,497
JW King Senior Center.....	2,120,000
George Washington Carver Senior Apts.	1,200,000
Jubilee Housing Renovation.....	2,000,000
TOTAL	\$12,398,126

Relocation: In FY 2004, only one project had tenants and required the submission and approval of temporary relocation plans – Oxford Manor Apartments. The developer of this project is temporarily relocating tenants to other vacant units on their project sites to the extent possible in order to avoid relocation to off-project sites.

It is DHCD's policy to minimize displacement in all its projects. Each program officer in the Development Finance Division keeps track of any relocation required for a project. Project Managers review developers' plans and revise those plans as necessary to minimize displacement. Where relocation is required, the project managers ensure, as part of the underwriting process, that the relocation plans are adequate and are funded as part of the project development costs. A number of DFD project managers have received training in the Uniform Relocation Act (URA). Development Finance also has convened a team to oversee project compliance, including URA compliance, and to update the Division's operating protocols to ensure that all specialized monitoring disciplines are being addressed.

Any required relocation generated by DHCD's single family rehabilitation projects is incorporated into each project work plan, and associated costs are factored into the budget.

Program changes: While DHCD has used CDBG successfully to carry out its programs, DHCD nonetheless makes changes as needed. Changes related to CDBG-funded programs and activities include:

- DHCD continues to strengthen the monitoring protocols for its Development Finance Division programs and for the Neighborhood Investments Program,
- DHCD increased the potential for HPAP recipients to purchase homes in the current very competitive residential real estate market by obtaining from the Council of the District of Columbia an increase in the subsidy provided to very low- and low-income households under its Home Purchase Assistance Program (HPAP). HPAP does receive CDBG funds in some years.
- DHCD's consolidated façade improvement program is developing more effective policies for those projects leading to completion of efforts that had languished for more than a year.

DHCD's programs have been designed to meet the HUD national objectives of benefiting low- and moderate-income persons, and elimination of slums and blight (through, for example, acquisition, disposition and rehabilitation).

HOME PROGRAM PERFORMANCE

This part of the CAPER discusses DHCD's use of HOME Investment Partnerships Program funds, as required by 24 CFR 91.520(d).

Distribution of Funds: DHCD committed HOME funds (from various fiscal years) in FY 2004 as shown in Table 22.

Table 22: HOME Fund Investments, FY 2004

Investment	Project Type	Units	HOME Funds
924 S Street, NW	Land Acquisition		\$ 50,000.00
1327 Kenyon Street, NW Cooperative	Land Acquisition		150,000.00
Various (HPAP)	Single Family Home Purchase	29	476,149.81
Various (DC HFA subsidy)	Single Family Home Purchase/Rehab	3	157,054.14
Dubois Gardens Condominium	Acquisition, Pre-development	17	425,983.00
TOTAL		49	\$ 1,259,186.95

Discussion of HOME Investments: Both the 924 S Street NW and 1327 Kenyon Street, NW land acquisitions were done as part of a DHCD community land trust program that assures continuing affordability of housing units by DHCD acquiring the property underlying the housing units. The Dubois Gardens Condominium (Dubois Gardens) was executed using \$500,000 in funding that was committed early in FY 2004 to meet the 2003 November CHDO set aside deadline. The executed \$425,983 Dubois Gardens funding was disbursed for acquisition and pre-development purposes.

DHCD issued approved, executed letters of commitment in FY 2004 \$3.25 million in HOME funds for Victory Heights, a 74-unit senior affordable rental building and \$950,000 in HOME funds for 4211 2nd Street, NE, a 23-unit affordable rental rehabilitation. Both of these projects were funded in HUD IDIS. (Total: \$4,200,000) Execution of both projects' contracts and disbursement of funds will not occur until the first quarter of 2005.

The projects cited above utilized HOME program funds for property acquisition and housing rehabilitation activities, to support both homeownership and rental housing development. All HOME-funded units (Table 22) meet the Section 215 requirement for affordability.

CHDO Set Aside: DHCD committed the following funds for FY 2005 to meet the FY 2004 CHDO set-aside requirement by the November deadline:

■ New Columbia Land Trust – 6 units on various sites----\$866,826

■ Marshall Heights Community Development Corporation – pre-development loan----\$70,000

■ Mi Casa – Predevelopment loan----\$70,000

Program Income: HOME program income of \$940,719 was recycled through the Construction Assistance Program of the Development Finance Division.

Match Requirement: The District was subject to a 12.5 percent matching fund contribution requirement for the HOME Program in FY 2004. The IDIS PR 33 report shows that the matching fund contribution required for FY 2004 is \$172,886.74, based on a "Disbursements Requiring Match" figure of \$1.38 million. DHCD provided this match through Housing Production Trust Fund-financed investments in housing that met the HOME definition of affordable housing. (See HOME Match Report, Appendix E.)

HOME Monitoring: In FY 2004, the Department continued to implement its long-term monitoring for HOME-funded units based on the HOME Monitoring Guide developed for DHCD with HUD's technical assistance. DHCD accomplished the following in implementing its HOME Monitoring Program:

1) Record Keeping: Database and Files

a) Staff identified HOME rental and ownership projects and designed a database to capture pertinent HOME information for each type of project (homeownership or rental). The DFD HOME PROJECTS database currently lists a total of approximately 1,190 HOME funded units.

b) Staff established an order for monitoring files and created a file for each HOME project included in DFD's HOME PROJECT database.

2) Process: Initiating Long-Term Monitoring of HOME Projects

Staff established a methodology for long-term monitoring processes and activities for all completed HOME projects. Attention is currently focused on HOME projects currently underway in order to ensure that all developers are aware of and understand the HOME monitoring requirements and implement the appropriate processes in their leasing and project management activities

3) Field Work: Conducted Field and Unit Inspections of All Completed Rental Units

Staff has conducted field inspections of all completed HOME rental projects in its database and has completed unit inspections of a majority of those units. Staff has conducted physical inspections for 20% of HOME-funded units and reviewed the household tenant files for compliance with HOME rules and regulations.

4) Outreach, Education and Compliance: Informed Property Owners and Managers of HOME Responsibilities

Staff sent a letter to all completed HOME rental property owners and managers and HOME developers of ownership units currently in the database, informing them of the requirements of HOME and their responsibilities thereto. The letter was accompanied by a HOME Program Summary document, a HOME Occupancy and Rent Reporting Form and Certification document or a HOME Occupancy/Ownership Reporting Form and Certification and suggested financial reporting forms.

Staff has conducted site visits with the property manager of each completed data based HOME rental project to discuss the Introductory Letter and any other questions or issues regarding the HOME requirements.

5) Compliance and Monitoring:

Performing Review of Tenant Files - Staff has begun the review of tenant files for HOME rental projects currently in the database.

a) Reviewing Rent Reporting and Certification Documents, Conducting Tenant File Reviews and Setting Annual Reporting Dates.

Staff is currently receiving clients' draft HOME rental projects' Rent Reporting and Certification documents, reviewing them and providing site/property managers with comments which are to be incorporated into a final Rent Reporting and Certification document for final review and approval.

Staff completed reviews of 2003 projects in 2004 and is now proceeding with monitoring projects completed in 2004.

b) Reviewing Occupancy/Ownership Reporting and Certification Documents and Assembling Copies of the Deeds of Trust Containing the HOME Covenants and Conditions for Each Ownership Unit.

Staff is receiving from developers lists of ownership units and is in the process of obtaining copies of all relevant Deeds and Deeds of Trust containing the appropriate HOME covenants and conditions per unit.

Affirmative Marketing Actions: The DHCD has ensured affirmative marketing actions of all HOME funded housing activities containing five units or more, in accordance with 24 CFR 92.351. Following is the city's method for ensuring regulatory compliance:

Application packages for HOME program funded activities contain information for owners, the general public and tenants that specifically explain fair housing requirements. Owners are informed that they must make good faith efforts to

provide information and otherwise attract eligible persons from all racial, ethnic, and gender groups in the District to occupy the available housing units. The Equal Housing Opportunity slogan is used in press releases and on information soliciting owner participation.

DHCD requires owners of HOME-assisted activities to adhere to the following practices in order to carry out the District's affirmative marketing procedures:

- Use the Equal Housing Opportunity logo/slogan or statement in any advertising or solicitation for tenants.
- Display fair housing posters wherever applicants are accepted.
- Inform and solicit applications for vacant units for persons in the housing market who are most likely to apply for rehabilitated housing without special outreach.
- Inform community agencies of the availability of units in order to reach the Hispanic community.
- Accept referrals from the D.C. Housing Authority.
- Use information supplied regarding apartment buildings occupied by community organizations and churches whose members are non-minority and are located in the various neighborhoods in which the program operates.

Through the HOME funding agreement, requirements and practices to which each owner must adhere in carrying out the HOME affirmative marketing procedures and requirements are delineated. DHCD provides internal support to the owners through its network of community organizations, churches, employment centers, fair housing groups and housing counseling agencies. In addition, commercial media, community contacts, equal opportunity logo and slogan and the display of the fair housing poster are used in requiring each owner to adhere to affirmative marketing procedures.

DHCD maintains a record of the frequency and type of information sent to community organizations with which it maintains contact. A record of the applicants responding and actual tenants accepted as a result of DHCD's outreach efforts is maintained for monitoring and assessment purposes. The District will meet the racial, ethnic and gender characteristic record keeping requirements as contained in Section 92.351 concerning tenancy before and after rehabilitation, and relocation data for displaced households.

DHCD will assess the affirmative marketing effort of owners by means of an agreement with the owner that shall be applicable for a period of 15 years (or other appropriate

time period as determined by HUD requirements) beginning on the date on which all units in the project are completed. The assessment will be in the form of a determination of whether or not the owner has followed the criteria established for affirmative marketing efforts.

In implementation of the affirmative marketing requirements, the District complies with the laws and authorities referenced in 24 CFR 92.350 to assure nondiscrimination and equal opportunity in the use of its HOME funds.

Further, the District complies with the requirements of the Fair Housing Act, 42 U.S.C. 3601-20, and implementing regulations at 24 CFR 100, Executive Order 11063, as amended by Executive Order 12259 (Equal Opportunity in Housing) and implementing regulations at 24 CFR 107; Title VI of the Civil Rights Acts of 1964, 42 U.S.C. 200d and implementing regulations at 24 CFR 1; the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975; 42 U.S.C. 6101-07 and implementing regulations at 24 CFR 146; and the prohibition against discrimination on the basis of handicap under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8; which provide that no person in the United States shall on the grounds of race, color, national origin, age or handicap be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant received Federal financial assistance and will take the measures necessary to effectuate this assurance. This assurance shall obligate the property owner, or in the case of any transfer of such property, and transferee, for the period during which the real property or structure is used for the purpose for which the HOME grant funds were expended.

DHCD complies with Executive Order 11246 and the implementing regulations at 41 CFR Chapter 60, which provide that, *"no persons shall be discriminated against on the basis of race, color, religion, sex or national origin in all phases of employment during the performance of Federal or federally-assisted construction contract"*; and with the requirements of Section 3 of the Housing and Urban Development Act of 1968; 12 U.S.C. 1701 u (Employment Opportunities for Businesses and Lower Income Persons in Connection with Assisted Projects).

The District ensures that property owners certify that contractors and subcontractors will take affirmative action to ensure fair treatment in employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training and apprenticeship; and to the greatest extent possible, will assure that opportunities for training, employment and contracts in connection with HOME assisted projects be given to lower-income residents and businesses in the project area.

The District affirmatively furthers fair housing in its HOME Program in accordance with the certification made with its Consolidated Plan pursuant to the actions described at 24 CFR 91.225.

Minority Participation in the HOME Program: The application materials for HOME Program funding (and all DFD funding) include Affirmative Action Plan requirements. The Affirmative Action Plan requirements establish goals for Local Small, Disadvantaged Business Enterprise participation in construction jobs provided and for the contractors and subcontractors hired for projects.

ESG PROGRAM PERFORMANCE

The Emergency Shelter Grant (ESG) program supports the District's homelessness Continuum of Care and the relevant objectives of the Consolidated Plan. The Office of the Deputy Mayor for Children, Youth Families and Elders provides ESG funds via a sub-recipient agreement with the Community Partnership for the Prevention of Homelessness.

1. Fiscal Year 2004 Accomplishments and Assessment

The Emergency Shelter Grant (ESG) program exceeded its FY 2004 Action Plan goals. During the fiscal year, eviction prevention grants prevented 104 individuals and 291 families from becoming homeless. Four shelters and 1,399 shelter beds were renovated; and 209 families were sheltered due to ESG support for operations of a 45-family shelter at 1448 Park Road NW and the 28-family shelter at 1433-1435 Spring Road NW. (Table 3 on page 7)

Tables 23 and 24 show the ESG expenditures and accomplishments for FY 2004.

Table 23: Homeless Support Expense, FY 2004

Program	Units	ESG Expense
Emergency Shelter Grant Program	N/A	\$1,768,629
Total	N/A	\$1,768,629

Table 24: Accomplishments In Homeless Support, FY 2004

Activity/Service	Planned	Actual
Eviction Prevention grants	187/94*	291/104
Families provided shelter	45	209
Renovated Beds/Shelters	1300 beds	1399 beds

*families/adults

2. Distribution of Funds by Goals:

Prevention: Prevention funds for the DC Emergency Assistance Fund are awarded through a Memorandum of Agreement that established a mutually beneficial partnership wherein ESG funds are supporting a citywide homeless prevention effort managed by the Foundation for the National Capital Region, which receives other prevention funds from the Fannie Mae Walkathon that occurs each November. The 2004 Action Plan goal for prevention grants was exceeded; 291 prevention grants were made to families and 104 to individuals rather than the projected 187 and 94 respectively.

Essential Services/Shelter Operations: The Community Partnership, in concurrence with the Department of Human Services (DHS), entered into a lease agreement with the owner of 1448 Park Road, NW when the former operator of this family shelter went out of business. Because of the importance of this site (the largest apartment-style shelter in the city's Continuum of Care), the difficulty of finding such units, and the relatively inexpensive lease cost of the units (averaging about \$530 a month), DHS and the Partnership concluded to lease the site and keep it in the inventory. The contract with the former operator had included funds for leasing the building. When the new shelter operator was chosen, the leasing of the building was separated from the services contract. Under the ESG grant, the '04 Action Plan projected assisting at least 45 families, but actually provided shelter to 209 families in a rotation through the family shelter.

Staff , Operating Cost and Administration: These costs are shared between the Office of the Deputy Mayor for Children, Youth, Families and Elders and the Community Partnership. Since the Community Partnership assumed responsibilities in 1994 for building and managing the city's Continuum of Care, DHCD has subgranted ESG funds to the Partnership and split the costs of administration.

In FY 2004, using ESG funds, the Community Partnership paid for the following activities as planned per its FY 2004 spending plan:

■ **Prevention/Emergency Assistance Grants for Families and Adults- \$375,000.00**

■ **Goal:** Grants were to be made to 187 families and 94 adults through the Emergency Assistance Fund and neighborhood-based Family Support Collaboratives.

■ **Actual:** 291 families and 104 adults were assisted using \$263,565 in ESG 2002 funds and \$93,349 in ESG 2003 funds. The total expenditure of \$355,912 was slightly less than anticipated, but the performance goals were exceeded.

■ **Essential Services/Shelter Operations** **\$ 492,900.96**

■ **GOAL:** Grants were to be made for the cost of rent at the Park Road Family Shelter (45 units), rent at the Spring Road Family Shelter, Supplies for the New York Avenue Shelter, Hypothermia Supplies and Security Wants.

■ **Actual:** A total of \$491,170.57 was paid in expenses for Shelter Operations. Rent for the 45-family shelter, the Park Road Family Shelter, was \$211,780.47. Additional

carryover funds were added to the ESG 2002 contract from ESG 2000 and ESG 2001 funds.

■ **Additionally:** Shelter Operations funds funded the following:

- Three months rent at the Spring Road Shelter (28 family units)
- Start-up costs at the New York Avenue Shelter (200 adult-men)
- (supplies totaling \$112,591.94)
- Carryover funds were used to increase security at shelters, and (\$20,000) to purchase hypothermia supplies.
- Emergency repairs were funded at the John Young Center that houses 185 women. (\$1,500)

■ **Renovation and Rehabilitation** **\$ 470,731.79**

■ **GOAL:** ESG 2003 recitals called for \$470,731.79 in ESG funds to be spent as needed on improving the District's Continuum of Care facilities with a goal of improving facilities that contain at least 1,300 beds. (Action Plan goal)

■ **Actual:** ESG02 funds in the amount of \$125,534.00 and \$188,958.71 of ESG 03 funds were used during FY 2004. Additionally, ESG 00 funds of \$279,589.98 and \$302,950 in ESG 01 funds were used for renovation, bringing the total spend on renovation in FY 2004 to \$897,031.85. These funds were committed to rehabilitate shelters for singles and one for families; for a total of 1,399 beds, which exceeded the AP goal.

■ **Staff, Operating Costs and Administration** **\$ 41,400.00**

■ **GOAL:** Funds were to cover a portion of administrative costs (\$20,700) for The Community Partnership's staff involved in the ESG program, and fiscal monitoring of ESG-funded activities. The Office of the Deputy Mayor for Children, Youth Families and Elders (ODMCYFE) retained \$20,700 of the grant for its monitoring and administration of the ESG program.

■ **Actual:** The Community Partnership for the Prevention of Homelessness drew down its administrative funds in FY 2004 using \$20,700 of ESG 02 funds and \$5,543.87 of ESG 03 funds. The ODMCYFE decided to forego their administrative allocation, and on June 4, 2004, sent a grant modification notice to the Partnership re-allocating the \$20,700 originally allocated to the ODMCYFE office overhead to Prevention activities.

3. ESG Matching Funds

In addition to its federal ESG funds, the District provided local matched dollars to support outreach and prevention services; support shelter operations and fund renovation of shelter space. The District works to provide assistance for the homeless through community-based organizations, faith-based organizations and other non-profit service providers.

Table 25: Local ESG Match Expenditures for 2004

Prevention/Emergency Assistance Grants